



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2014-15

Newport City Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins, Allison Rees and Martin Gibson under the direction of Alan Morris.

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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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Summary report

Purpose of this report

- 1 Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils, fire and rescue authorities and national park authorities, and to assess whether each authority will meet statutory continuous improvement duties¹. This work has been undertaken on behalf of the Auditor General by staff of the Wales Audit Office. **Appendix 1** provides more information about the Auditor General's powers and duties in local government.
- 2 In addition, the Auditor General undertakes an in-depth corporate assessment at each authority on a cyclical basis (currently at least once every four years). In the intervening years, in addition to audits of improvement planning and reporting, the Wales Audit Office, on behalf of the Auditor General, will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each authority.
- 3 This Annual Improvement Report (AIR) summarises the audit work undertaken at Newport City Council (the Council) since the last such report was published in June 2014. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (WLC). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 4 Taking into consideration the work carried out during 2014-15, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 5 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 6 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

¹ Duties and requirements contained within the Local Government (Wales) Measure 2009 (the Measure).

2014-15 performance audit work

- 7 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including the Council's own mechanisms for review and evaluation. For 2014-15, we undertook improvement assessment work under three themes: use of resources; governance; and performance.
- 8 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below:

Project name	Brief description	Dates when the work was undertaken
Delivering with Less – the impact of Environmental Health Services and Citizens	The first in a series of studies looking at how councils are managing to deliver with less, this study considers the impact of cuts in resources on the ability of council environmental health services to deliver their statutory obligations.	November 2013 – January 2014
Welfare Reform	Review of arrangements to manage the impact of welfare reform.	December 2013 – March 2014
Review of the Council's Safeguarding arrangements	A review of the Council's assurance and accountability arrangements for ensuring that safeguarding policies and procedures are in place and are being adhered to.	March – May 2014
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives.	May 2014
CSSIW inspection of Safeguarding and Care Planning of looked after children and care leavers who exhibit vulnerable or risky behaviours	Assessment of the quality Safeguarding and Care Planning.	May 2014
HMI Probation (HMIP) full joint inspection of youth offending work	Prompted by a sustained rise in the frequency of reoffending in Newport which was accompanied by high levels of first time entrants into the youth justice system, HMIP carried out a full joint inspection of youth offending work in Newport	September 2014

Project name	Brief description	Dates when the work was undertaken
CSSIW Performance Evaluation Report 2013-14	Annual Review of the Council's Social Services.	October 2014
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information.	November 2014
CSSIW Inspection of Adult Services	The inspection focussed on the quality of outcomes achieved for older people with complex needs.	November – December 2014
Sustainability of Social Services	Gwent wide review, undertaken with CSSIW, of the sustainability of Social Services considering performance, management, and revenue expenditure over multiple years.	April 2014 – January 2015
Welsh Language Commissioner	Review of the Council's approach to the Welsh Language.	January 2015
Information Management and Governance	A review of progress against Corporate Assessment recommendations, September 2013.	August 2014 – May 2015
Data Quality Review	An examination of the Council's arrangements and data systems in place to generate performance data.	November 2014 – May 2015
Corporate Assessment Follow-up	Review of the Council's progress in addressing the recommendations made in the Corporate Assessment, published in September 2013.	November 2014 – May 2015

Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council has the potential to comply with the requirements of the Measure during 2015-16 if it continues to build on and increase the pace of recent progress

9 The Auditor General has reached this conclusion because in November and December 2014, we undertook a Corporate Assessment Follow-Up which examined the Council's progress in addressing the six statutory recommendations and seven proposals for improvement made by the Auditor General in the 2013 Corporate Assessment report. We found that 'the Council had made improvements in some aspects of its arrangements, however in other areas the scale and pace of change required had not been achieved, and longstanding governance weaknesses remained'.

10 We came to this conclusion because:

- longstanding governance weaknesses still remained, and there was a lack of collective leadership between Members and officers to drive improvement;
- financial management arrangements had improved, but medium term financial plans needed to be developed in more detail so they balanced over a longer timeframe and some capacity issues in the finance department needed to be addressed if improvements were to continue;
- recent progress in resolving weaknesses in people management arrangements was evident and plans were in place to begin addressing workforce planning issues, however initiatives to reduce staff sickness required further evaluation;
- the Council had made progress in addressing our recommendations on ICT, but there were still weaknesses in some governance arrangements and uncertainty on its plans for continuity should an unforeseen event occur; and
- there had been some enhancements to the Council's improvement planning and performance management arrangements, but the scrutiny of performance was not sufficiently challenging to consistently drive improvement.

- 11 In addition, the Auditor General believes the Council has the potential to comply with the requirements of the Local Government Measure during 2015-16 because other regulators and inspectorates found that:
- The Council continued to take an innovative approach to the engagement of third sector and other agencies in delivering services. The on-going challenge to integrate health and social care was significant and complex.
 - The quality of the Council's work with children and young people who have offended had deteriorated markedly since the last inspection in 2010.
 - The Council faced significant challenges in delivering on its statutory responsibilities for older people with complex needs. While individual staff and managers demonstrated a high level of professional commitment, often the organisational arrangements did not support effective and efficient practice.
- 12 We will work with other regulators and inspectorates to undertake a further review of the Council's progress during 2015-16.

Headlines – a summary of key findings

- 13 The table below summarises the key findings of work undertaken by the Wales Audit Office, and the other regulators, in 2014-15.

Audit of accounts	The Appointed Auditor issued an unqualified opinion on the Council's financial statements on 30 September 2014. This means that we believe the financial statements gave a true and fair view of the financial position of the Council and of its expenditure and income for the year ending 31 March 2014.
Improvement planning and reporting audits	The Auditor General for Wales issued audit certificates stating that the Council had discharged its duties under the Measure (see Appendices 2 and 3).
Use of resources	<p>Financial management arrangements had improved, but medium term financial plans needed to be developed in more detail so that they were balanced over a longer timeframe and some capacity issues in the finance department needed to be addressed if improvements were to continue.</p> <p>The Council had made progress in resolving weaknesses in people management arrangements and plans were in place to begin addressing workforce planning issues, however initiatives to reduce staff sickness required further evaluation.</p> <p>Wales Audit Office – May 2015. Newport City Council: Corporate Assessment Follow-Up 2015</p>

<p>Governance</p>	<p>The Council had made improvements in some aspects of its arrangements, however in other areas the scale and pace of change required had not been achieved since September 2013, and longstanding governance weaknesses remained.</p> <p>The Council had made progress in addressing our recommendations on ICT, but there were still weaknesses in some governance arrangements and uncertainty on its plans for continuity should an unforeseen event occur.</p> <p>Wales Audit Office – May 2015. Newport City Council: Corporate Assessment Follow-Up 2015</p> <p>The Council's arrangements for monitoring and evaluating its safeguarding responsibilities to children were mostly adequate but some improvements could be made.</p> <p>The Council's approach to identifying and acting on improvements in its safeguarding arrangements had some weaknesses which the Council was addressing.</p> <p>Wales Audit Office – October 2014.</p>
<p>Performance</p>	<p>There had been some enhancements to the Council's improvement planning and performance management arrangements, but the scrutiny of performance was not sufficiently challenging to consistently drive improvement.</p> <p>Wales Audit Office – May 2015.</p> <p>While the Council continued to take an innovative approach to engaging the third sector and other agencies in delivering services, integrating health and social care services was proving to be very challenging.</p> <p>CSSIW Annual review and evaluation of performance 2013-14 report – October 2014. Performance Evaluation Report 2013–14: Newport City Council social services</p> <p>The Council faced significant challenges in delivering on its statutory responsibilities for older people with complex needs. While individual staff and managers demonstrated a high level of professional commitment, often the organisational arrangements did not support effective and efficient practice.</p> <p>CSSIW Inspection of Adult Services– December 2014. Inspection of Adult Social Services: Newport City Council</p>

Performance

CSSIW undertook a national inspection of safeguarding and care planning of looked after children and care leavers, who exhibit vulnerable or risky behaviours – CSSIW, August 2014. The full report is available at www.cssiw.org.uk

The Council was considering how to use financial and performance data from our Social Services Sustainability work across the five Gwent councils to plan for future social services provision.

Wales Audit Office – February 2015.

The quality of the Council's work with children and young people who have offended had deteriorated markedly since the last inspection in 2010.

HMI Probation – September 2014. [Full Joint Inspection of Youth Offending Work in Newport](#)

Estyn did not undertake any specific reviews at the Council this year, but continues to monitor and challenge the Council's education services.

The Council is generally delivering environmental health services at above minimum levels despite significant budget cuts and whilst staff numbers have increased, stakeholders have mixed views on the Council's management of services. The Council will find it difficult to take on new statutory duties that protect the public and the environment.

Wales Audit Office – January 2014.

Because of weaknesses in its public information and management of Discretionary Housing Payments, the Council did not know if those in the greatest need are receiving help. Wales Audit Office – January 2015.

The Council has reduced its capacity of frontline staff with advanced Welsh language skills, but made good progress in developing its bi-lingual website.

Welsh Language Commissioner – 22 January 2015. [Newport City Council's Welsh Language Scheme – The Welsh Language Commissioner's Response to the 2013-14 Annual Monitoring Report](#)

Recommendations

- 14 Given the wide range of services provided by the the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection and publish a report and make recommendations; and
 - recommend to Ministers of the Welsh Government that they intervene in some way.
- 15 Within our Corporate Assessment Follow Up report, published in May 2015, were:
- two new formal recommendations;
 - four formal recommendations from the 2013 Corporate Assessment were updated; and
 - one formal recommendation from the 2013 Corporate Assessment was still applicable.
- These recommendations are detailed in the following Table.
- 16 Lower-priority issues, known as proposals for improvement, are also contained in our other reports. We will continue to monitor both the Auditor General's recommendations and proposals for improvement during the course of our improvement assessment work in 2015-16.

Recommendations

R1 Updated from 2013 Corporate Assessment (2013, R1)

The Council should ensure that members are routinely and transparently considering robust information at the earliest opportunity to enable them to inform, take and challenge choices and decisions effectively, and ensure that decisions are recorded and reported transparently. This includes the consideration of:

- Options appraisals.
- The implications of the options, recommendations and decisions.
- Fully costed business cases prior to initiating major programmes to support change. The financial impact of any significant proposed service changes should be reflected in medium-term financial plans directly where the change is certain to proceed or as a sensitivity if the change is not certain.

Recommendations

R2 No change from 2013 Corporate Assessment (2013, R2)

The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement. This would include:

- strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up;
- reviewing and updating the Council's constitution ensuring that roles, responsibilities and accountabilities are clear, and that all members understand and apply their respective roles in relation to each other without compromising independence;
- empowering members to be more proactive and accountable for their roles and responsibilities;
- strengthening decision-making arrangements to ensure transparency and appropriate safeguards are in place;
- strengthening scrutiny arrangements to more effectively inform and challenge policies, options, decisions and actions, and hold Cabinet members, officers, partners and others to account more robustly to drive an increased pace of progress and improvement;
- strengthening and mandating member and officer development and learning programmes based on competency assessments to improve skills and understanding to enable them to undertake their roles more effectively; and
- addressing information security and business continuity arrangements.

R3 Updated since 2013 Corporate Assessment (2013, R3)

The Council needs to ensure that its arrangements for strategic financial planning and management continue to develop to meet the significant challenges that are being faced by ensuring that:

- robust savings plans are developed in more detail to meet the projected budget shortfall for 2015-16 and to support the delivery of a meaningful medium term financial plan;
- sufficient challenge is applied to ensure that savings/investment plans are delivered and any budget overspends are highlighted and addressed by early intervention;
- financial plans provide clear links to improvement objectives and service plans; and
- sufficient finance staff (both centrally and within individual departments) with appropriate skills and experience are in post to support the development and delivery of future plans.

Recommendations

R4 Updated since 2013 Corporate Assessment (2013, R4)

The Council must continue to develop its people management arrangements, to ensure it has the capacity and capabilities necessary to change and improve. In doing so, it should:

- continue to develop its draft Workforce Plan and associated action plans by, for each action: allocate responsibility to an officer and set a deadline for completion;
- in the absence of a formal approach to 360 degree feedback for all staff, address manager inconsistency in carrying out appraisal and ensure all staff receive a constructive and developmental appraisal to support job performance; and
- put in place a key performance indicator and a challenging target for sickness absence that adheres to the target setting principles agreed by the Council's Senior Leadership Team on 17 March 2015.

R5 Updated since 2013 Corporate Assessment (2013, R6)

To strengthen the arrangements that enable the Council to, scrutinise, its improvement objectives. In doing so, the Council should:

- Enable members to effectively challenge and scrutinise service performance:
 - clarify the respective roles of the performance board and scrutiny;
 - ensure that meeting agendas allow for sufficient time for members to focus on (broad) underperformance in both; and
 - provide training on effective challenge and scrutiny for members.
- Improve target setting to better reflect the service/performance standards the Council wants to achieve.

R6 New recommendation

We recommend that the Council improves the collective leadership by both Members and officers of the delivery of its response to the Auditor General's 2013 Corporate Assessment by agreeing clear accountability and monitoring arrangements for the implementation of recommendations and proposals for improvement.

R7 New recommendation

The Council must ensure that all National Strategic Indicator data is collected and published in accordance with the Welsh Government definitions; particularly NSI. EDU/015a - Final Special Educational Needs statements issued in 26 weeks.

- 17 Recommendations made by the HMI Probation and CSSIW during the course of the year are set out below.

HMI Probation, Full Joint Inspection of Youth Offending Work in Newport

Post-inspection improvement work should focus particularly on the following:

- 1 The Management Board should ensure that reoffending is reduced, the work of the YOS is of good quality and positive outcomes are achieved across all types of intervention.
- 2 Information used by the Management Board should be relevant, current, understandable and useful to effective decision making.
- 3 The YOS management team should work effectively, giving clear and consistent leadership to the YOS and ensuring good quality work.
- 4 The quality of assessment, planning and delivery of interventions is improved, so that the YOS makes a sufficient contribution to reducing reoffending, protecting the public and reducing the vulnerability of children and young people. Partner agencies should contribute to assessments, and objectives relevant to their work included in plans.
- 5 There should be a systematic approach to assuring the quality of work that is effective in improving practice, consistently applied, and monitored by the Management Board.
- 6 The YOS should ensure that sufficient focus is given to reducing offending in individual cases. Where appropriate, welfare needs should be referred to and addressed by partners.
- 7 The needs of victims should be given higher priority. They should be protected, contribute to referral orders, and access restorative justice where appropriate.
- 8 A broad range of interventions should be available to reduce reoffending which are used effectively. Staff should know what is available and be trained in their use.
- 9 The Management Board and key partners, particularly health and education, should ensure that children and young people with speech and language needs are able to engage effectively with the work of the YOS.
- 10 Joint work with other children's services should be effective. It should be supported by consistent use of the children's services case management system, clear guidance and high quality referrals.
- 11 The role of the YOS police officers should correspond with current guidance; be used more effectively to protect the public, reduce reoffending and assist in reducing the vulnerability of children and young people.
- 12 Educational attainment for children and young people known to the YOS should be improved.

The council should:

AFI 1

- Ensure that recently agreed changes to the Gwent Frailty project have positive outcomes for people using this service.
- Ensure that initiatives such as MAPS combined with other workforce changes, result in improved outcomes for looked after children, such as placement stability and reduced re-referrals.
- Exploration of alternative models of dementia care, in conjunction with partner agencies.

AFI 2

- Understand the reasons behind the poor uptake of support to carers and take effective action in response.
- Ensure that care plan reviews for users of adult services are completed in line with statutory requirements.

AFI 3

- Ensure that key aspects of its services to looked after children including the timeliness of initial cope group meetings, pathway planning, allocation of personal advisors and the level of re-referrals, together with assessments of young carers are enhanced.
- Take effective actions to reduce delayed transfers of care (DTC).
- Ensure timely and effective completion of assessment and care planning for older adults, in order to inform the delivery of care needed to meet complex individual needs.

AFI 4

- Enhance outcomes for children leaving care. Following re-shaping of After Care / 16+ teams.
- Ensure maintenance / improvement of outcomes for users during the in-going re-shaping of adult services.
- Undertake a specific evaluation of the work of the disabled children's team.

AFI 5

- Ensure that the resources identified for additional children's social work posts are effectively targeted at areas of more pressing needs, including core group meetings.
- On-going turnover of staff in front line social workers and impact of NQSQ on morale and outcomes for children and young people.
- Have effective alignment of I.T. implementation projects to priority areas such as POVA recording and financial oversight and management.

- R1** A pathway for older people should be defined and articulated which includes the team structures, supporting systems, tools and processes. This should include defining what each member of staff and team are required to contribute at each step and ensuring that they have the necessary skills to deliver their particular responsibilities including where there are integrated and/or colocated arrangements with partners.
- R2** The point of contact and access arrangements for older people must be clarified and agreed as a priority. Action should be taken to provide assurance that people will be responded to in a timely way and that the staff they are talking to have the appropriate skills and to respond to their needs and concerns. The Council should also consider how other pilots such as the Neighbourhood Care Networks and the “integrated pathway for older people”, would interface with the Gwent Frailty single point of contact, the Council’s customer portal and the duty system currently operated by Adult Social Services team.
- R3** Senior Managers must establish where the care management and review responsibilities lie and which teams have the responsibility/ownership for individual cases.
- R4** An outcome focussed approach to the assessment of older people should be further developed, which supports the consideration of a range of options and opportunities for the individual and their Carers.
- R5** A robust approach to risk assessment and positive risk taking is required, underpinned by a policy, tools and training which is aimed at improving the skills of assessment and care staff.
- R6** The approach to Carers’ assessments should be improved, including the assessment offer and embedded across all teams.
- R7** A workforce strategy to support the development of this pathway should be developed which includes skills development (including risk assessment), capacity and succession planning.
- R8** The arrangements for commissioning of Adult Social Services post April 2015 must be put in place as a priority and progress made on securing the range of services required to meet the future demands, in particular for older people. The links between the Commissioning Plan and the Medium Term Financial Plan should also be strengthened.
- R9** The scrutiny of performance relating to Adult Social Services should be improved through the provision of supporting information and the development of Members’ ability to explore the underlying issues and drive forward the necessary and agreed service improvements.

Detailed report



Use of resources

Audit of the Newport City Council's accounts

- 18 On 27 January 2015 the Appointed Auditor issued an Annual Audit Letter to the Council. The letter summarised the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Appointed Auditor issued an unqualified opinion on the Council's accounting statements on 30 September confirming that they presented a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

Financial management arrangements had improved, but medium term financial plans needed to be developed in more detail so that they were balanced over a longer timeframe and some capacity issues in the finance department needed to be addressed if improvements were to continue

- 19 We reached this conclusion through our review of Councils' financial position and Corporate Assessment Follow Up work during the year.
- 20 We considered in detail the financial track record of the Council, the out-turn financial position for 2013-14 and the plans that were developed to deliver a balanced budget for 2014-15. We also considered the plans developed for the 2015-16 budget and the updating of the medium term financial plan for subsequent years. The main findings from our work were as follows.
- 21 The Council developed a medium term financial plan, covering a four-year period from 2014-15 to 2017-18. This plan was an improvement on previous plans as it contained more detail and the following years were developed as far as possible and linked to expected changes in demand and demographics. The uncertainty over the level of annual revenue support grant made forward planning more difficult. However, all other aspects of the plan were developed and the plan was balanced as far as possible on the basis of estimated revenue support grant levels. A new medium term financial plan had now been developed for the four year period from 2015-16 which projected a balanced financial position just for 2015-16 but not the later years.
- 22 The Council had developed clear policies on the use of its reserves, although most were earmarked for specific purposes so there was limited scope to use them in any one year.

- 23 The Council's framework for reviewing and challenging its financial performance had improved in recent years, accountability had been enhanced and greater control was now exercised over department overspends.
- 24 In recent years the Council had a history of balancing its annual financial position without recourse to drawing on its general reserve fund, which had stood at £5 million for some time. This was felt by the Council, in line with their Reserves Policy, to be a minimum level to provide security for future unforeseen events that may occur during any year.
- 25 The Council accurately identified its budget shortfall when planning for 2013-14, developed appropriate savings plans and its final out-turn for the year was an underspend of £2.5 million. This underspend, together with an unused contingency fund of some £1.5 million, meant that the Council was able to bolster its reserves for future investment and to support the delivery of future savings programmes.
- 26 The Council effectively identified and delivered a range of savings (specific and general) to meet its budget shortfall. There were some areas where savings plans were still being developed at the start of the year, but those were then developed during the course of the year and were delivered sufficiently to meet the financial out turn.
- 27 The corporate framework to support the delivery of financial plans was developed during the year and financial monitoring information was more transparent. In prior years some of the savings and monitoring information had been difficult to track during the course of the year. The Council was supported by a commercial partner in the development of some of its savings plans and the monitoring and achievement of the resultant savings.
- 28 The Council had a corporate planning framework to support its corporate improvement plan which translated into improvement objectives and individual service plans. There was scope to improve the links between the financial plans and the improvement and service plans so that investment or disinvestment in service priorities was more explicit.
- 29 The Council had recently made the Acting Head of Finance a permanent appointment after previously being unsuccessful in appointing to the position. However, the Assistant Head of Finance post was vacant, as was the Chief Accountant position. In addition there had been recent resignations and changes to a number of key staff in the Finance Department. We were aware of plans to restructure the Finance Department and also to recruit to key posts. Nevertheless, the Council would need to carefully manage this situation to maintain the improvements that it had made and to ensure that it retained its focus on the significant financial challenges it faces. It also needed to ensure that robust plans were developed and delivered during the financial year 2015-16 and beyond, against the background of reduced funding and the continuing financial pressures.

The Council had made progress in resolving weaknesses in people management arrangements and plans were in place to begin addressing workforce planning issues, however initiatives to reduce staff sickness required further evaluation

- 30 During 2014 we reviewed the Council's progress in improving its people management arrangements in two phases to mirror the development phases of the Council's own plans for improvement. Our phase 1 review assessed the progress the Council had made in addressing our statutory recommendation. Phase 1 was reported to Community Planning and Development Scrutiny in November 2014, which concluded that good progress had been made in addressing our recommendation but some arrangements were not yet fully implemented.
- 31 In November 2014 we undertook phase 2 and reviewed the Council's approach to developing effective arrangements to manage and utilise its workforce at the appropriate time in line with the Council's progress.
- 32 The Council had undertaken an explorative exercise in considering possible future delivery 'options' for transactional HR services. This exploration evolved quickly from consideration of high level principles in respect of the options, into an early selection of a provider of HR transactional services. However, initial proposals stalled when the preferred supplier withdrew from the option appraisal process.
- 33 The Council remained committed to developing an integrated workforce and succession plan to support and develop its current and future workforce to meet the organisational need. It was anticipated that this work would include development of a workforce planning template, comparative data with other organisations and succession planning strategies. It was unclear how delays in completing the senior manager restructure impacted on this work. The impact of the delayed restructure had varied across the Council.
- 34 The Council introduced a 'Total Reward' scheme for its employees. This job evaluation scheme, addressed equal pay issues and simplifies the 100+ pay grades that the Council previously operated. The scheme had the potential to address the Council's longstanding recruitment and retention problems. The scheme was currently being implemented on a staged basis, but had taken longer than the Council had first planned.

- 35 The Council did introduce a range of initiatives that led to a reduction in overall sickness levels from 9.26 days lost per full-time equivalent in 2012-13, to 8.87 days lost in 2013-14. However, after further improvements in the early part of 2014, by November the cumulative sickness levels for the whole Council were 10 per cent higher than the same month in the previous year. The Council attributed this deterioration in sickness levels to an increase in long-term sickness. Initiatives to reduce sickness absence require further evaluation to ensure that they will address the increase in sickness and reinstate the desired long-term reduction in sickness levels. We recommended (R4) within our Follow-up of the Corporate Assessment Report in May 2015 that the Council put in place a key performance indicator and a challenging target for sickness absence that adheres to the target setting principles agreed by the Council's Senior Leadership Team on 17 March 2015. The Council has told us that they have since undertaken a significant amount of work ongoing around the management of attendance, and more challenging targets have been set.
- 36 Information on the Council's income, expenditure and staffing levels is set out in [Appendix 6](#).

Governance

Longstanding governance weaknesses still remained, and there was a lack of collective leadership between Members and officers to drive improvement

There were still no transparent safeguards in place for occasions where collective leadership was lacking and political leadership and professional officer advice conflicts

- 37 Elected members were still not consistently considering the full range of options and information to enable them to evaluate choices and take and challenge decisions effectively and decisions were not always recorded and reported transparently.
- 38 The Council had processes in place for planning projects, producing reports that offered a range of options to inform decision making, and the recording and publishing of subsequent decisions. However, those processes were not always followed.
- 39 Some key Council decisions had been considered by senior managers and within informal Cabinet meetings. However, the full range of options and evaluations had not subsequently been referred through formal decision making processes. Such informal decisions were also decisions. A decision not to put forward an option for consideration when the final decision was taken still constitutes a decision. Officers and Cabinet Members were still not recording or reporting those occurrences consistently and transparently.
- 40 Furthermore, final ratification of some key decisions had also been made outside of a formal decision making forum. This practice had resulted in actions being implemented without formal evaluation and agreement and final decisions not appearing on the public record. Whilst the Council had arrangements in place to take delegated decisions, not following these arrangements weakened governance and undermined a culture of collective Member and officer leadership and open and transparent government.

Whilst the Council has made some amendments to its Constitution, it is yet to undertake a full-scale review and evaluation and a lack of clarity and understanding of roles and responsibilities remains

- 41 Whilst the Council had amended its Constitution following a review, there was still a lack of clarity on and understanding of roles and responsibilities. This lack of clarity particularly related to: whether it should be the Cabinet member or officer held to account for relevant matters at scrutiny; the role and responsibilities of scrutiny; the status of Scrutiny Policy Review Boards and the new member driven scrutiny sub-groups; and the respective roles and status of Performance Board and scrutiny in managing and challenging the Council's performance. The Council had not supplemented the changes with sufficient training to raise awareness for both officers and elected members.

- 42 New protocols on relationships between the Cabinet and scrutiny had been agreed and were starting to be embedded. A cross-party Scrutiny Improvement Group had been established to take forward the Council's Scrutiny improvement action plan. However, a fundamental overhaul of the Council's scrutiny arrangements and practice following its review of Scrutiny had not been undertaken. As such, the Council's scrutiny arrangements were still not effective. There was a lack of collective leadership and drive between Members and officers to take a firm grip on improving scrutiny. The ineffective scrutiny arrangements were frustrating both elected members and officers alike and were leading to a deterioration in trust between scrutiny elected members and Council officers. Elected members had felt the need to establish new informal scrutiny sub-groups to drill down into various issues they felt that they need more information on, but it was not clear how these sub-groups link to the wider governance framework of the Council.
- 43 Scrutiny Committee work programmes were still too large and lack prioritisation. Furthermore, the information provided to Scrutiny was still not sufficiently comprehensive or meaningful enough to support effective scrutiny.
- 44 The Scrutiny Improvement Team and many elected members were keen to drive forward improvements but were still not being empowered to play a more proactive role.

The Council had made progress in addressing our recommendations on ICT, but there were still weaknesses in some governance arrangements and uncertainty on its plans for continuity should an unforeseen event occur

- 45 Our Corporate Assessment Follow Up work in November 2014 found that the Council had made some progress against our 2013 Corporate Assessment recommendation that referred to the Council's information, communications and technology (ICT).
- 46 At the time of our review, one officer of the Council held three roles and this created a conflict of interest in that one person oversaw both service delivery and scrutiny of that service delivery. The Council acknowledged the conflict of interest inherent in this situation and gave an undertaking to make alternative arrangements, which it informs us have now been implemented.
- 47 The Council had information security training arrangements in place and staff who have attended this training found it informative and useful.
- 48 The Council had not tested business continuity plans and did not know if it would be able to maintain critical services in the event of a catastrophic failure of its critical IT systems.

The Council's arrangements for monitoring and evaluating its safeguarding responsibilities to children were mostly adequate but some improvements could be made

- 49 When we reported upon the Council's arrangements for safeguarding children in October 2014 significant improvements had been made with the Chief Executive prioritising the importance of strengthening performance management. The Council had identified what information it required to monitor and evaluate to determine whether its children's safeguarding arrangements were working effectively.
- 50 The Council judged the effectiveness of its children's safeguarding arrangements in a number of ways. For example, monitoring of national performance indicators (PIs) and production of safeguarding reports to Scrutiny Committee. Whilst there is evidence that information and performance on safeguarding services is being reported to Scrutiny, the quality of information and the effectiveness of challenge vary. For example, our review of the minutes of the Scrutiny Committee found that detailed reports are briefly summarised with no evidence of challenge in the minutes.
- 51 All recruitment and selection functions are now operated by the Council's one central HR team to provide a consistent approach to safe recruitment across the Council.
- 52 The Education Safeguarding Lead recorded full training information for education and links to other organisations. Within Social Services there were comprehensive records of staff who have attended safeguarding training. It was unclear, however, whether training was offered more widely to services outside of education and social care.
- 53 Safeguarding training for elected members is made available via an online training model, but it was left to the individual to determine whether they undertake this training. More formal training had not been provided as many elected members work and it was difficult for them to make this commitment. Irrespective, at that time the Council could not assure itself that all staff who regularly came into contact with children had received appropriate training or that its elected members were effectively supported to deliver the Council's safeguarding responsibilities.

The Council's approach to identifying and acting on improvements in its safeguarding arrangements had some weaknesses which the Council was addressing

- 54 There was conflicting evidence as to whether the Council's safeguarding arrangements were subject to planned work by internal audit and scrutiny. At the time of the review the Council had not agreed its forward internal audit plan and it was unclear if testing safeguarding arrangements would feature.
- 55 There was evidence that the Council had improved its safeguarding arrangements and addressed identified weaknesses, which included: the introduction of a system to learn the lessons from safeguarding system failures; the introduction of a process to alert management of child protection service using a risk escalation system; and extend the work of the Quality Assurance team to check that systems are operating effectively.

The whistleblowing policy was good, however, the arrangements to support the policy need to be strengthened to address weaknesses in the process and training

- 56 The Council's Whistleblowing Policy was concise, well-structured and supportive but does not identify who was ultimately responsible for ensuring the Council had appropriate and effective whistleblowing arrangements. The Policy demonstrated the Council's commitment to whistleblowing, but the policy and procedure had not been subjected to challenge and scrutiny by elected members. Training on whistleblowing was available but could have been strengthened to ensure it was made available to all staff and elected members. The Council had made the Whistleblowing Policy available on the intranet and publicised it through other means but had not checked staff awareness and understanding.

Performance

There had been some enhancements to the Council's improvement planning and performance management arrangements, but the scrutiny of performance was not sufficiently challenging to consistently drive improvement

- 57 The Council discharged its duties under the Local Government Measure 2009 in relation to its Improvement Plan 2014-15.
- 58 During fieldwork for our Corporate Assessment Follow Up in November 2014 we found that the Council had made improvements to its performance management arrangements. However, the strengthened processes and controls designed to ensure data quality, were not always being followed by service departments. The Council needed to ensure that its corporate arrangements for performance management were rigorously implemented by service departments.
- 59 We reviewed the improved performance reports that were considered by Council, Cabinet, Performance Board and Scrutiny Committees. The reports contained the high level objectives of the Council and detailed the supporting measures and target data.
- 60 The process that the Council used to set targets for its PIs had been strengthened. Officers responsible for service delivery proposed targets, which were then ratified initially by the Council's senior officers and then the appropriate cabinet member. Finally, the targets were considered and approved by the appropriate scrutiny committee. However, we found that the targets that the Council set were not overly challenging when compared with other Welsh councils and that scrutiny had not challenged any of the proposed targets for PIs.
- 61 In March 2015, which was after our fieldwork in November 2014, the Council's Senior Leadership Team agreed a set of principles for target setting, that all targets for PIs will be:
- at least the average for Wales for the previous year;
 - improve upon the Council's own performance from the previous year; and
 - be set above the all Wales quartile 4 level.
- 62 These target setting principles will provide, if consistently and rigorously applied, the necessary ambition in target setting and strengthen the impact of the Council's performance management arrangements.

Performance management arrangements have improved but are not consistently applied across services and weakness remain in data quality systems

- 63 The Council had made improvements to its performance management arrangements. However, the processes and controls designed to ensure data quality were not always being followed by service departments.
- 64 Training on performance management arrangements was available to the data compilers, but it varied between those in dedicated data teams and those where the compiler has wider responsibilities.
- 65 Our Data Quality Review in November 2014 incorporated an examination of six of the Council's performance measures and the data systems that supported them. We looked at four National Strategic Indicators (NSIs), and two were performance measures that the Council had developed itself. We chose those six measures for a range of reasons, but primarily as they form part of the evidence to support the delivery of the Council's Improvement Plan for 2014-15.
- 66 In undertaking a detailed review of the selected performance measures, of the six PIs we examined we found that:
- two measures had data systems that were fit for purpose and effectively run.
 - two NSIs had significant weaknesses in the data systems used to generate the data; and
 - two measures had minor weaknesses in the associated data systems.
- 67 There was a clear rationale and timescale for Internal Audit's work on the PIs at the Council. Work on NSIs and Public Accountability Measures (PAMs) begins in the April after the financial year end, and the work on Local Indicators begins in the May.
- 68 Tools were available on the Council's intranet to develop definitions for new Local PIs. In addition, a 'FAQ' page available to staff members on the intranet contains information on how to address previous audit qualifications through the self assessment process. Whilst this corporate guidance is available, the individual indicators we reviewed did not demonstrate that specific action was being taken in response to their qualification.

Documents developed to support the Local Service Board provided limited assessment of progress and impact and were of limited value to its work

- 69 We reviewed the Council's service plans and found that nine of the 10 plans made reference to collaboration and partnership working. The level of detail varied in each plan due to the nature of the service. The Council's Annual Governance Statement included examples of partnership and collaborative working and referenced the Local Service Board and the Single Integrated Plan. The Council, in its Annual Governance Statement, did accept that further work was still required to assess the effectiveness of its collaborative governance arrangements.
- 70 We reviewed the terms of reference for all tiers of the Local Service Board structure and there was now greater clarity on both the roles and responsibilities of the different groups.
- 71 To support the Local Service Board, a project plan had been compiled to deliver the Unified Needs Assessment for 2014-15. The project plan clearly stated key actions and milestones to meet the publication deadline in December 2014. In addition a Communications Plan and a One Newport Engagement and Participation Strategy had also been written. However, both the Communications Plan and the One Newport Engagement and Participation Strategy contained limited performance measures, incomplete progress updates, weak delivery plans and the method for assessing progress and impact.
- 72 A One Newport Performance Management Framework 2014-15 had been produced to explain the management of performance and the delivery of the Single Integrated Plan document. Within the timetable of activity for the year, there were a number of dates 'to be agreed' and half the themes of the Single Integrated Plan were not due to be presented until early 2015. The timetable stated that each theme will be considered just once a year and the timing of a number of themes was to be considered during the last quarter of 2014-15. Therefore, it is unclear how any concerns in a theme's performance at the latter stages of the reporting year will be addressed.

While the Council continued to take an innovative approach to engaging the third sector and other agencies in delivering services, integrating health and social care services was proving to be very challenging

- 73 The CSSIW reported² that the Council continued to take an innovative approach to the engagement of third sector and other agencies in delivering services. The on-going challenge presented by the need to integrate health and social care is significant and implementation of these can prove complex, as shown by the Gwent Frailty project. Whilst demonstrating some improved outcomes for people, the anticipated financial gains have yet to be realised.
- 74 Leadership of the Council's social services had been consolidated in 2013-14, with the interim appointments of the director and head of adult services being made permanent. The head of children's services post had been agreed on a three-year full time contract.
- 75 The Council had a good understanding of its strengths and weaknesses and where it needs to improve performance. More needs to be done to ensure effective oversight and rigorous challenge to close the performance gap.
- 76 Financial challenges had continued, with particular pressures on adult services. There is evidence of more effective financial oversight and control.
- 77 Capacity to deliver high quality adult services remained uncertain, with significant concerns with the ability of some of the Council's adult care homes to deliver appropriate outcomes for older adults with more complex needs. This was compounded by continuing delays in the completion of care plan reviews.
- 78 Performance in relation to children's services continued to be mixed with evidence of some good outcomes in many areas. However, the implementation of a workforce strategy aimed at enhancing recruitment and improving staff retention had only proved partially successful. This partial success, coupled with other factors, had a negative effect on outcomes in relation to placement stability for looked after children, the timeliness of core group meetings and outcomes for care leavers.
- 79 Newport held a variety of forums aimed at eliciting feedback on performance and carried out detailed analysis of complaints. It consults widely on proposals.
- 80 The Director's annual report was detailed and well set out. Present and future challenges were acknowledged in relation to both demographic and financial pressures, as were some of the anticipated implications of the Social Services and Well Being (Wales) Act 2014 in shaping the future.

The Council faced significant challenges in delivering on its statutory responsibilities for older people with complex needs. While individual staff and managers demonstrated a high level of professional commitment, often the organisational arrangements did not support effective and efficient practice

- 81 The CSSIW undertook an inspection of adult services and published the inspection report in November/December 2014. This report is available on its website: www.cssiw.org.uk. During this inspection, CSSIW identified that the Council faced significant challenges in delivering on its statutory responsibilities for older people with complex needs. While individual staff and managers demonstrated a high level of professional commitment, often the organisational arrangements included the current structure and operating model did not support effective and efficient practice.
- 82 There had been a culture of responding to a crisis rather than working in a proactive person centred way supported by identifying outcomes and pre-empting further problems. This way of working had contributed to the problems within the Council's own residential homes as people were placed there inappropriately when other arrangements had broken down and there was an urgent need for a solution. However this was further exacerbated by the failure to complete timely reviews which allowed people to remain in situations which were not fulfilling their outcomes and in some cases putting them and others at considerable risk.
- 83 There were some promising signs of improvement such as the hub operated by the hospital discharge team, the Protection of Vulnerable Adults (POVA) team and it was encouraging that Senior Managers were aware of some of the concerns outlined here and were taking steps to address them. However the scale of the changes required in adult services would require the full commitment of Members and the Executive to the development and delivery of a shared vision for Adult Social Services.

CSSIW undertook a national inspection of safeguarding and care planning of looked after children and care leavers who exhibit vulnerable or risky behaviour

- 84 In May 2014 CSSIW reported upon their inspection of: Safeguarding and care planning of looked after children and care leavers who exhibit vulnerable or risky behaviour. The inspection was carried out as part of the CSSIW national thematic inspection programme. The methodology for the review was undertaken in each local authority across Wales between January and May 2014 to assess the quality of care planning across Wales and whether it effectively:
- supported and protected looked after children and care leavers;
 - identified and managed the vulnerabilities and risky behaviour of looked after children and care leavers;
 - promoted rights based practice and the voice of the child;
 - promoted improved outcomes for looked after children and care leavers; and
 - promoted compliance with policy and guidance.
- 85 Findings from the individual local authority inspections and the CSSIW national overview report can be found on the CSSIW website www.cssiw.org.uk.

The Council was considering how to use financial and performance data from our Social Services Sustainability work across the five Gwent councils to plan for future social services provision

- 86 In January 2015 we completed our Social Services Sustainability work across the five Gwent Councils that analysed financial and performance data for social services. There were no recommendations or conclusions from our work as we provided each council with a data pack that displayed the information from a different perspective and facilitated a Gwent wide workshop for Directors of Social Services and Directors/Heads of Finance to discuss. We received positive feedback on the output and await to see how Newport uses this approach as part of its internal challenge processes.

The quality of the Council's work with children and young people who have offended had deteriorated markedly since the last inspection in 2010

- 87 HMI Probation (HMIP) published a report in September 2014 on their full joint inspection of youth offending work in Newport which was prompted by a sustained rise in the frequency of reoffending in Newport and high levels of first time entrants into the youth justice system. The Council had previously achieved a substantial reduction in the number of children and young people entering the youth justice system. However, the Council had not been effective in reducing reoffending.
- 88 In their report in September 2014 HMIP reported that the Council's quality of work with children and young people who have offended had deteriorated markedly since HMIP's last inspection in 2010. The report stated that the Council's Youth Offending Service (YOS) management board and management team needed to ensure that the quality of work improved substantially and rapidly. The YOS should focus the activity of the team to reduce reoffending and protect the public, and ensure provision is consistent across the service. In particular, urgent work was required to ensure that the YOS management team works effectively.

The Council's overall work to reduce reoffending was poor with insufficient priority given to work to reduce reoffending

- 89 The Council's overall work to reduce reoffending was poor. Not enough priority was given to work to reduce reoffending. More use should be made of partners to address welfare related needs so that the skills of the YOS can be focused effectively on reducing offending. The overall quality of work needed rapid and substantial improvement with staff being consistently and effectively held to account. The inspection team found some good work within the Intensive Surveillance and Supervision team; however this was undertaken independently of the case manager. The YOS management team did not work effectively together. This made a substantial contribution to the general poor practice.

Overall work to protect the public and actual or potential victims was poor

- 90 Whilst assessment was better than in other parts of the YOS' work, thereafter the general quality of work was poor. Too often the work undertaken did not match the needs of the case, and in particular more attention needed to be given to known victims. Difficulties with this work were compounded by confusion over the operation of the YOS risk management panel and inadequate oversight by managers.

Overall work to protect children and young people and reduce their vulnerability was poor

- 91 The cause was often that vulnerability was considered solely with respect to child protection and deliberate self-harm, and ignored other risky behaviour such as use of alcohol or drugs, including when this was linked to offending behaviour. Ironically, in view of the priority given to welfare needs recognised elsewhere in this report, case managers did not recognise the broader understanding of vulnerability that applies throughout the youth justice system. Attention needed to be given to more effective joint working with Newport children's social services, including by ensuring that referrals made by the YOS are of good quality.

Overall work to ensure that the sentence was served was unsatisfactory

- 92 Staff knew the children and young people well; however they did not involve them sufficiently in assessment and planning for the changes they needed to make in their lives. More could be done to ensure that children and young people took greater responsibility for their own compliance with the sentence. The YOS compliance panel was not effective. However, when children and young people didn't comply with their sentence the initial response was often appropriate.

Overall, the effectiveness of governance and partnership arrangements was poor

- 93 The Management Board had not ensured that work to reduce offending was either effective or of sufficient quality. Neither was the information used by the management board useful in supporting this. Newport had achieved substantial reductions in the number of first time entrants to the youth justice system, and we were pleased to see that youth justice was reflected in key local plans, although there was further work to be done to ensure that these could be monitored effectively. The offer of services through the medium of the Welsh language needed to be more routine. There was no robust or consistent approach to ensuring the quality of practice and staff were confused by mixed messages. Complacency had developed about the importance of ensuring good quality practice and morale was low. Resolving these problems was critical to achieving sustainable improvement.

Overall work related to the delivery of interventions to reduce reoffending was poor

- 94 Focused offending behaviour work was not being delivered. Staff did not have satisfactory tools to assist them to understand what interventions were available, and to target these appropriately to individual children and young people. There was no systematic planning to the acquisition of interventions, or to evaluating what interventions may have made a difference. Assessment and planning both required substantial improvement. More attention needed to be given to speech, language and communication and other relevant diversity factors.

- 95 As a consequence of the Council's poor performance, HMI Probation will conduct a full follow up inspection in 2016. Youth Justice Board Cymru are actively involved with the Council's YOS in providing improvement support, monitoring progress on implementation of improvement plans and reporting to HMI Probation on the Council's progress.

The Council's education services continue to be monitored and challenged by Estyn

- 96 Estyn had not undertaken any specific reviews at the Council this year. However, Estyn's Link Inspectors continue to work closely with the authority to monitor and challenge the performance of all education services for children and young people in the Council.

The Council is generally delivering environmental health services at above minimum levels despite significant budget cuts and whilst staff numbers have increased, stakeholders have mixed views on the Council's management of services. The Council will find it difficult to take on new statutory duties that protect the public and the environment

- 97 Our review, which reported in January 2014, was delivered consistently across the 22 Welsh Councils and judged each council's environmental health services against the Best Practice Standards. The Chartered Institute of Environmental Health and the all Wales Heads of Environmental Health Group had, through these Best Practice Standards, defined the range of statutory and discretionary environmental health services delivered by councils in Wales. The Council was delivering most of its environmental health services at the highest levels as judged against the Best Practice Standards.
- 98 Councils have many statutory environmental health duties but spending was not being protected during the period of financial austerity, which was making it more difficult to deliver national strategic priorities.
- 99 The amount of money that all councils spend on environmental health services was very small, relative to total local government spend. In 2012-13, councils in Wales spent £9 billion on the services they provide, of which £41 million was spent on Environmental Health services. This equates to 0.44 per cent of all council expenditure. With regard to the Council, the budget for environmental health services in this period had fallen by 19.5 per cent, the second largest cut in expenditure for all councils with the budget falling from £1.6 million in 2011-12 to £1.2 million in 2013-14. However, the Council offset these decreases in budgets with increased income for pest control of £164,000 and £112,000 for licensing between 2011-12 and 2013-14. In addition, the Council also underspent against its environmental health budget in 2011-12 by 14 per cent, but overspent by six per cent in 2012-13.

- 100 The staffing of council environmental services nationally across all 22 councils had seen a cut of 16 per cent, with the number of council employees working in environmental health services falling from 1,046 in 2011-12 to 874 in 2013-14. The number of staff employed by the Council to deliver environmental health services had marginally increased by two per cent, or one full-time equivalent from 54.7 in 2011-12, to 55.7 in 2013-14.
- 101 Our survey of environmental health staff found mixed views about the standard of environmental health service but there was a low awareness of current performance or future plans amongst citizens.
- 102 Our survey of the people who receive environmental health services found a mixed picture of how informed they felt about the changes taking place. We found that most respondents have yet to see a significant change in how their council provides services to them.
- 103 The Welsh Government was planning significant new legislation that will impact directly on the services provided by councils' environmental health teams. This is on top of recent major legislative changes such as the Food Hygiene Rating (Wales) Act 2013, which created new mandatory duties for council environmental health services. There was concern, especially amongst councillors and council staff, that the introduction of new powers and duties at a time when services were being significantly cut back will prove unworkable. Since January 2014, Part 1 of the Housing (Wales) Act 2014 has been enacted, creating new mandatory duties for the Council from autumn 2016.

Because of weaknesses in its public information and management of Discretionary Housing Payments, the Council did not know if those in the greatest need are receiving help

- 104 The Welfare Reform Act 2012 heralded a significant change to the administration and distribution of benefits and would have a major impact on many citizens. In April 2011, the UK Government embarked on a programme of reform, which would culminate with the phased introduction of Universal Credit between October 2013 and 2017. A major focus of the UK Government's plans were changes to Housing Benefit, which were aimed at reducing annual expenditure by around £2.3 billion. Those changes would mean that millions of households in Great Britain would receive less in benefits, creating hard choices for them about how they used their money and manage financially on a day-to-day basis.
- 105 In January 2015, the Auditor General for Wales published his report on how well councils were managing the impact of welfare reform changes on social housing tenants in Wales. His report reviewed the management and use of Discretionary Housing Payments by councils in Wales and concluded that the allocation, distribution, administration and use of these payments had significant inconsistencies and weaknesses. We followed up this work at individual councils.

- 106 Our review found that the Council did not have effective systems in place to support vulnerable customers to apply for discretionary housing payments. The Council's website provided minimal information on discretionary housing payments and was not of sufficient detail or quality to maximise and encourage take up. The website included the Council's discretionary housing payments policy but an applicant could not download an on-line application directly from the website and had to contact the Council's Housing Benefits section to request the form. The application form was eight-pages long and as a result may deter vulnerable applicants from applying. However, it was not clear how the Council used discretionary housing payments to assist people to reduce the impact of welfare reform changes such as the Spare Room Subsidy, the benefit cap or other families in housing need.
- 107 The Council had systems in place to monitor the level of expenditure against the money provided by the Department for Work and Pensions and the number of customers helped. However, it did not monitor the number of Landlords assisted to ensure there was good coverage across all sectors and areas, and neither did it monitor how long it took to make decisions on applications.
- 108 The Council had paid out £257,072 of its Department for Work and Pensions allocation of £408,949 at the end of November 2014 and assisted 884 people. This represented 62 per cent of its allocation. The Council did not know if it was connecting with those in the greatest need and therefore paying discretionary housing payments to the right applicant. Although there was a clear and comprehensive policy in place, because of weaknesses in the monitoring arrangements it had introduced to evaluate its performance on delivering discretionary housing payments, the Council did not know whether its payment of Discretionary Housing Payments was having the right level of impact.

The Council has reduced its capacity of frontline staff with advanced Welsh language skills, but made good progress in developing its bi lingual website

- 109 The role of the Welsh Language Commissioner (WLC) was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The WLC will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 110 The WLC works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the WLC outlining its performance in implementing the language scheme. The WLC analyses every monitoring report, provides a formal response and collects further information as required.
- 111 The WLC reported in January 2015 that the Council had launched a new website during the year with the first two tiers available in Welsh. Increasing the website's Welsh content and establishing procedures to achieve this aim is a priority for the next year.
- 112 There has been a reduction in the number and percentage of frontline staff with advanced Welsh language skills means that the Council is not able to offer a Welsh language service at all times. The quality of Welsh service provided is therefore not equal to the English service. For the second year running no member of staff attended language training sessions, although 23 attended 'Welsh in the workplace' taster session. In a period of constrained recruitment, improving skills through training is increasingly important and is a matter that needs to be addressed by the Council.

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Audit of Newport City Council’s 2014-15 Improvement Plan

Certificate

I certify that I have audited Newport City Council’s (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General for Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business
Non Jenkins, Manager
Martin Gibson, Performance Audit Lead

Appendix 3 – Audit of Newport City Council’s assessment of 2013-14 performance

Certificate

I certify that I have audited Newport City Council’s (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General For Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business
Non Jenkins, Manager
Martin Gibson, Performance Audit Lead

Appendix 4 – Annual Audit Letter

Councillor R Bright
Leader of the Council
Newport City Council
Civic Centre
Newport
South Wales
NP20 4UR

Dear Councillor Bright

Annual Audit Letter - Newport City Council 2013-14

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards.

On 30 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on 29 September 2014. The key points are set out below.

- The Council produced draft financial statements to a reasonable standard and I was not restricted in my work.
- There were a number of uncorrected misstatements included in the financial statements. None of these were 'material' and they did not affect the financial position initially reported in the draft statements.
- Once again, the Council's statements did not adequately disclose its share of the transactions and balances of each joint committee to which it is a partner. The amounts were not material, but disclosure is required by the Code of Audit Practice.
- There was a two week delay in providing the draft financial statements to the audit team; the supporting working papers were received a further week later. There were no other significant difficulties during the audit.
- I have recommended that the draft financial statements (including the Head of Finance Explanatory Foreword and Report and the Annual Governance Statement) are prepared in time for review at the June Audit Committee and that improvements are made to the quality assurance procedures, to eliminate any inconsistencies between the core financial statements and related disclosure notes (as well as ensuring that all working papers provide an adequate audit trail).
- I have identified some areas where the Council's Annual Governance Statement could be strengthened further for next year.

The Council is required to provide Whole of Government Accounts (WGA) under the HM Treasury's **Whole of Government Accounts (Designation of Bodies) Order**. The Council submitted its WGA return by the due date. We reviewed the return and identified no issues that we wish to draw to your attention.

It is also worth noting that the Council lead on the preparation of the accounts of the Greater Gwent Cremation Joint Committee. On 30 September I issued an unqualified opinion on these accounts, confirming that they presented a true and fair view of the Joint Committee's financial position and transactions. The key matters arising from the accounts audit were reported to the members of the Joint Committee in my Audit of Financial Statements report.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

Work is currently being completed on a follow up of the detailed Corporate Assessment which was reported to the Council in September 2013. This will review the progress that the Council has made with the recommendations arising out of that report. At this stage, the only issue that I wish to refer to is the financial standing of the Council. This is an area that we will continue to monitor closely during the coming year (in common with other public bodies in Wales).

During the past year the Council has taken action to strengthen its financial planning arrangements and in recent years has successfully managed to deliver balanced budgets, without incurring deficits or having to draw on its reserves. Nevertheless, it faces unprecedented levels of austerity. In October 2014 details of the Welsh local government settlement for 2015-16 were confirmed and there was a further reduction in grant to the Council of £5.5m (in cash terms). The Council is currently working on plans to manage the financial gap in its plans for 2015-16 and beyond by considering further plans for savings and updating its 4 year Medium Term Financial Plan.

The scale of the budget gap and the uncertainties that remain mean that the Council's ability to set a balanced and achievable budget for 2015-16 remains extremely challenging, as does the outlook for future years.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2014.

I also issued a completion certificate for the Greater Gwent Cremation Committee at the same time.

My programme of audit work on the 2013-14 grant claims is currently underway and I will issue a more detailed report on my grant certification work in spring 2015, once this year's programme of certification work is complete. I will also be conducting follow-up work to determine whether the areas of improvement identified in my 2012-13 grants report have been addressed.

My work to date on certification of grant claims and returns has not identified any significant issues that would impact on the 2014-15 accounts or key financial systems.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

Anthony Barrett
Appointed Auditor

Cc: Will Godfrey, Chief Executive

Appendix 5 – National report recommendations 2014-15

Date of report	Title of review	Recommendation
May 2014	Good Scrutiny? Good Question!	R1 Clarify the role of executive members and senior officers in contributing to scrutiny.
		R2 Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.
		R3 Further develop scrutiny forward work programming to: <ul style="list-style-type: none"> • provide a clear rationale for topic selection; • be more outcome focused; • ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and • align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements.
		R4 Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.
		R5 Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.
		R6 Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.
		R7 Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.
		R8 Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.

Date of report	Title of review	Recommendation
July 2014	Young people not in education, employment or training - Findings from a review of councils in Wales	R1 Together with partners, map and review expenditure on NEETs services to better understand the resources required to deliver the Framework.
		R2 Clarify their strategic approach to reducing the proportion of 19 to 24 year olds who are NEET as well as their approach for 16 to 18 year olds.
		R3 Focus on young people with significant or multiple barriers to engaging with education, employment or training rather than those who are more likely to re-engage without significant additional support.
		R4 Develop their objectives and targets for reducing the number of young people NEET so that they can be held to account and their work aligns with the Welsh Government's targets and objectives.
		R5 Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.
		R6 Improve the evaluation of the effectiveness and relative value for money of the services and interventions in their area that are intended to reduce the proportion of young people who are NEET.

Date of report	Title of review	Recommendation
October 2014	<p>Delivering with less – the impact on environmental health services and citizens</p>	<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none"> • align the work of environmental health with national strategic priorities; • identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens. <p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p> <p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> • consulting with residents on planned changes in services and using the findings to shape decisions; • outlining which services are to be cut and how these cuts will impact on residents; and • setting out plans for increasing charges or changing standards of service. <p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> • Identifying the statutory and non-statutory duties of council environmental health services. • Agreeing environmental health priorities for the future and the role of councils in delivering these. • Determining an ‘acceptable standard of performance’ for environmental health services (upper and lower) and publicise these to citizens. • Improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> – collaborating and/or integrating with others to reduce cost and/or improve quality; – outsourcing where services can be delivered more cost effectively to agreed standards; – introducing and/or increasing charges and focusing on income-generation activity; – using grants strategically to maximise impact and return; and – reducing activities to focus on core statutory and strategic priorities. <p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> • identifying, collecting and analysing financial, performance and demand/need data on environmental health services; • analysing collected data to inform and understand the relationship between ‘cost: benefit: impact’ and use this intelligence to underpin decisions on the future of council environmental health services; and • agree how digital information can be used to plan and develop environmental health services in the future.

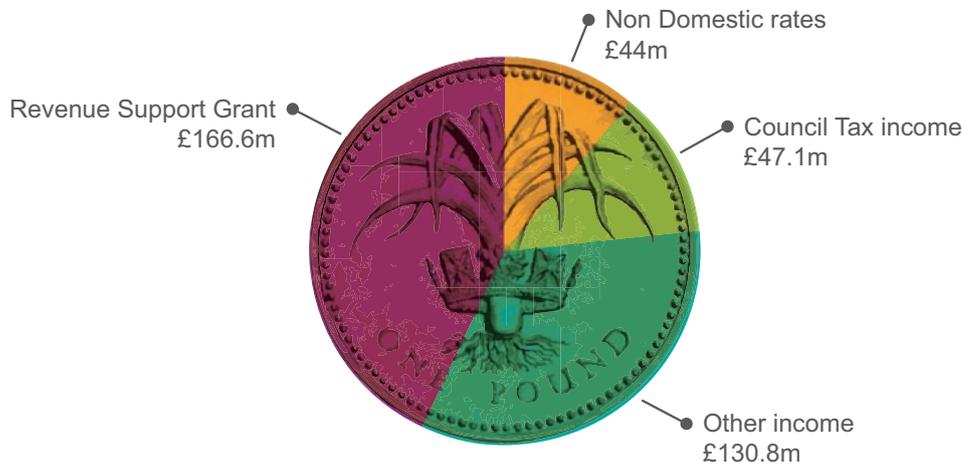
Date of report	Title of review	Recommendation
January 2015	Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales	R1 Improve strategic planning and better co-ordinate activity to tackle the impact of welfare reform on social-housing tenants by ensuring comprehensive action plans are in place that cover the work of all relevant council departments, housing associations and the work of external stakeholders.
		R2 Improve governance and accountability for welfare reform by: <ul style="list-style-type: none"> • appointing member and officer leads to take responsibility for strategic leadership on welfare reform and be accountable for performance; and • ensuring members receive adequate training and regular briefings on welfare reform to be able to challenge and scrutinise performance and decisions.
		R3 Ensure effective management of performance on welfare reform by: <ul style="list-style-type: none"> • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions; • ensuring performance information covers the work of all relevant agencies and especially housing associations; and • establishing measures to judge the wider impact of welfare reform.
		R4 Strengthen how welfare-reform risks are managed by creating a single corporate-level approach that co ordinates activity across the Council and the work of others to provide adequate assurance that all the necessary and appropriate actions to mitigate risk are taking place.
		R5 Improve engagement with tenants affected by the removal of the spare-room subsidy through: <ul style="list-style-type: none"> • the provision of regular advice and information on the options open to them to address the financial impact of the change in their circumstances; • the promotion of the ‘Your benefits are changing’ helpline; and • the provision of support to tenants specifically affected by the removal of the spare-room subsidy to participate in regional/national employment schemes.

Date of report	Title of review	Recommendation
January 2015	<p>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</p>	<p>R7 Improve management, access to and use of Discretionary Housing Payments by:</p> <ul style="list-style-type: none"> • establishing a clear policy or guide that is available in hard copy and online to the public that sets out the Council's policy and arrangements for administering Discretionary Housing Payments; • clearly defining eligible and non-eligible housing costs covered by Discretionary Housing Payments in application forms, policy documentation and applicant guidance leaflets; • clearly setting out the maximum/minimum length of time that such payments will be provided; • setting and publishing the timescale for the Council making a decision on Discretionary Housing Payments applications; • including information within public literature on the Council's policy for right to review or appeal of a decision and the timescales and process to be followed in deciding on these; and • clearly define the priority groups for Discretionary Housing Payments in public literature to ensure that those seeking assistance, and those agencies supporting them, can assess whether such payments are a viable option to address their housing and financial needs.

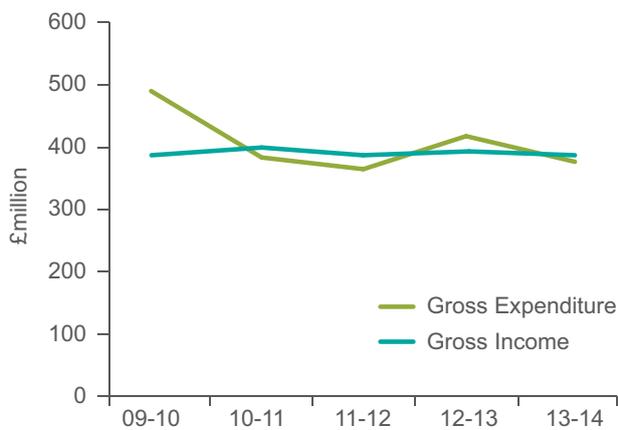
Appendix 6 – Information about the Council’s income, expenditure and staffing levels

Graphics for illustrative purposes

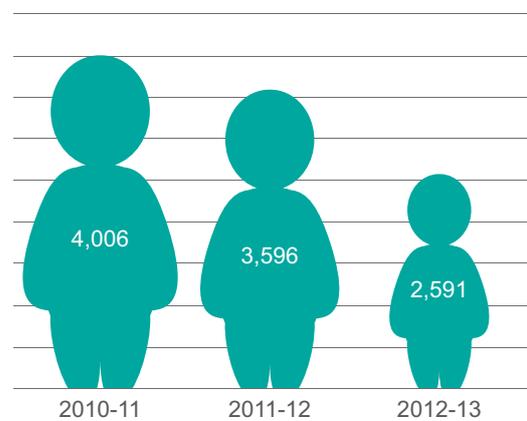
Total Gross Income 2013-14



Total Income and Expenditure



Number of whole time equivalent staff 2010-11 to 2012-13



Total Gross Expenditure by service area



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